

## Message Text

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ACTION EUR-12

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C O N F I D E N T I A L MILAN 0070

EO 11652: GDS  
TAGS: PINT IT  
SUBJECT: MILAN REACTIONS TO US POLICY TOWARD PCI

1. WE HAVE ASKED ABOUT TWO DOZEN MILAN AND OTHER NORTHERN ITALIAN POLITICIANS, JOURNALISTS, INDUSTRIALISTS, AND ACADEMICS ABOUT OUR POLICY OF OPPOSITION TO ADMITTANCE OF COMMUNISTS TO ITALIAN GOVERNMENT. SEVERAL THEMES EMERGED.
2. FIRST, EVERYONE APPEARED TO BELIEVE WE MEANT WHAT WE SAID. NO ONE, WHETHER ON RIGHT OR LEFT, SAID ANYTHING TO INDICATE HE WAS OF OPINION THAT WE WERE MERELY TRYING TO COVER OURSELVES OR WERE OTHERWISE BLUFFING.
3. SECOND, MOST EXPLICITLY AGREED WITH SUBSTANCE OF OUR CONCERN AND NO ONE PROFESSED TO DISAGREE. FROM PREDICTABLES LIKE MONTANELLI AND BETTIZIA OF GIORNALE TO SOCIALISTS LIKE LOMBARDY REGIONAL VP GANGI AND VERONA CULTURAL ASSESSORE DE ROSA, CONSENSUS AMONG THOSE EXPRESSING OPINION WAS THAT ITALY BETTER OFF WITH PCI OUTSIDE GOVERNMENT. MUST BE REMEMBERED, THOUGH, THAT WE SPOKE MOSTLY WITH THE SAVED AND, IN PARTICULAR, WITH NO COMMUNISTS.
4. THIRD, THERE WAS CLEAN SPLIT ON APPROPRIATENESS OF OUR

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TACTICS. THOSE SENSITIVE TO PUBLIC OPINION (E.G., MOST JOURNALISTS) THOUGHT WE HAD WOUNDED ITALIAN SENSIBILITIES. LEO VALIANI SAID WE SHOULD HAVE CONFINED OURSELVES TO PRIVATE REPRESENTATIONS WHILE PANORAMA EDITOR-IN-CHIEF LAMBERTO SECHI FELT OUR MOVE EVINCED LACK OF UNDERSTANDING OF PRESENT DAY ITALY. ONLY SUPPORTER OF THIS POSITION FROM INDUSTRIAL WORLD WAS LEOPOLDO PIRELLI, WHO SAID SIMPLY THAT OUR INITIATIVE WAS

POLITICAL MISTAKE.

5. THOSE FARTHER TO RIGHT ON SPECTRUM TOLD US WE HAD EVERY RIGHT TO SAY WHAT WE THOUGHT AND GENERALLY DISCOUNTED CRITICS WHO CALLED OUR ACTION INTERFERENCE. ALFA ROMEO PRESIDENT CORTESI THOUGHT MANY OF PROTESTERS, LIKE FRENCH GOVERNMENT, WERE IN AGREEMENT WITH US AND TOOK THEIR STANDS FOR INTERNAL REASONS. OTHERS, LIKE IL SOLE/24 ORE EDITOR CAVAZZA, NOTED ABSOLUTE CONTINUITY OF USG POLICY IN THIS AREA SINCE 1948. AND DOXA HEAD LUZZATTO-FEGIZ, ALTHOUGH HE FELT PUBLIC OPINION WAS AGAINST OUR INITIATIVE, THOUGHT CHARGES OF INTERFERENCE WOULD SOON FADE. WHAT WOULD REMAIN WAS THAT WE HAD BEEN CLEAR IN OUR POSITION, AND THAT, IN HIS OPINION, WAS IMPORTANT IN LONG TERM RELATIONS AMONG STATES.

5. FOURTH, ON ALL-IMPORTANT QUESTION OF IMPACT OF OUR ACTION ON FORMATION OF NEW ITALIAN GOVERNMENT FEW MENTIONED SUBJECT AND AMONG THOSE WHO DID WE FOUND NO CONSENSUS. LOMBARDY VP GANGI (PSI) THOUGHT EFFECT WAS TO MAKE EARLY ELECTION LIKELIER SINCE PCI NOW FAVORED THEM, BUT CONSERVATIVE PRI CITY COUNCILMAN FALETTI TOLD US COMMUNISTS AND DC WOULD CERTAINLY REACH COMPROMISE THAT WOULD OBTAIN ELECTIONS. FALETTI, LIKE MONTENELLI AT ONE POINT, THOUGHT OUR POLICY WAS ALREADY A SUCCESS IN THAT IT HAD STIFFENED DC WILL AND WAS CAUSING PCI TO BACK OFF, WHILE LOMBARDY CASSA DI RISPARMIO HEAD NEZZO BELIEVED WE WERE 2-3 YEARS TOO LATE TO STOP COMMUNISTS ALTHOUGH CONFIDENTIAL

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HE WAS PLEASANTLY SURPRISED TO LEARN OF OUR OPPOSITION.

6. SIXTH, REMARKABLY LARGE NUMBER TOLD US HOW PLEASED THEY WERE THAT US HAD AT LAST SPOKEN UP AND CLARIFIED ITS POSITION. MANY WERE SAME PERSONS TO WHOM WE HAD PREVIOUSLY EXPOUNDED POSITION REPEATEDLY AND AT LENGTH.

7. IN OUR VIEW CENTRAL QUESTION CONCERNING WASHINGTONS JAN 12 STATEMENT IS HOWEVER, NOT WHO APPROVED OR DISAPPROVED. CENTRAL QUESTION IS TO ESTIMATE EFFECT UPON ITALIAN POLITICAL PROCESS. WE HAVE SOUGHT TO GET SOME INSIGHT INTO THAT AMONG OUR LOCAL CONTACTS ALTHOUGH WE HAVE NOT HAD TIME PROBE ADEQUATELY.

8. ISSUE RESOLVES INTO THE EFFECT ON THE BALANCE BETWEEN EXTENT OF PCI INFLUENCE IN NEW GOVERNMENT AND EARLY NATIONAL ELECTIONS. INITIAL IMPRESSION IS THAT SOME LOCAL POLITICOS BELIEVE THAT THE LIKELIHOOD OF EARLY ELECTIONS HAS BEEN INCREASED BY OUR MOVE. THIS MAKE SENSE IF ONE BELIEVES THAT OUR STAND INCREASES THE RESISTANCE OF THE DC TO FURTHER CONCESSIONS TO THE PCI. THUS, UNLESS THE PCI BACKS DOWN, THE LIKELIHOOD OF FORMING A NEW DC MINORITY GOVERNMENT IS DECREASED AND ELECTIONS BECOME CORRESPONDINGLY MORE LIKELY. LOCALLY, WE SEE NO SIGN OF PCI RETREAT.

IN FACT, PCI APPEARS TO BE PRESSING WITH NEW VIGOR TO FORCE  
CRISIS IN LOMBARDY REGIONAL GOVERNMENT. MEANWHILE, DECAROLIS INSISTS  
THAT DC IS MOVING TOWARD DEAL TO PUT PCI IN MAJORITY  
BY SOME SEMANTIC LEGERDEMAIN.

9. WHICH RAISES THE QUESTION OF THE DESIREABILITY OF EARLY  
NATIONAL ELECTIONS. WHILE MONTANELLI, DECAROLIS AND THE  
MILITANT DC CENER RIRHT WANT AN EARLY SHOW DOWN, THE DC  
CENTER LEFT, CRAXI SOCIALISTS, AND AT LEAST SOME IN MINOR LAY PARTIES  
DO NOT. GOLFARI POINTED OUT LAST WEEK (MILAN 0053), AND OTHERS CONFIR  
M

THIS WEEK, THAT THE PCI IS SHOWING SIGNS OF BECOMING THE LEADING  
ADVOCATE OF EARLY ELECTIONS. THAT COULD BE BLUFF. BUT THERE  
ARE ALSO REASONS TO SEE WHY EARLY ELECTIONS SHOULD SUIT THE PCI.  
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10. THERE ARE NEGATIVE ELECTORAL FACTORS THAT IN THIS AREA  
SEEM UNFAVORABLE TO THE DC. FIRST, THERE IS WIDESPREAD BELIEF  
IN A WORSENING ECONOMIC CRISIS. WHILE  
THAT PRESUMPTION MAY BE WRONG, IT IS UNDENIABLY PERVASIVE.  
SECOND, THE DC IS ALSO THREATENED BY A PANDORA'S BOX OF SCANDALS  
WELL CATALOGUED IN ROME'S 0789. THESE ARE SERIOUS POLITICAL  
HANDICAPS FOR DC.

11. MOREOVER, IN ELECTIONS NO ONE HERE WHOM WE KNOW EXCEPT  
MONTANELLI  
BELIEVES THAT THE PCI WILL DECLINE IN STRENGTH.  
ITS GROWTH IS EXPECTED BY MOST, INCLUDING THE PUBLIC OPINION  
ANALYSTS AT DOXA. IT IS ALSO EXPECTED THAT THE DC WILL GAIN  
AND PROBABLY TO A GREATER EXTENT. BUT THE RESULT IS EXPECTED

TO BE A FURTHER POLARIZATION OF VOTES BETWEEN DC AND PCI WITH SO  
GREAT A LOSS BY THE PSI, PLI, PRI AND PSDI THAT EVEN THE  
THEORETICAL POSSIBILITY OF A DC MAJORITY WITHOUT THE PCI WOULD HAVE  
BEEN LOST. UNDER THOSE CIRCUMSTANCES, A DC-PCI BARGAIN TO GOVERN  
ITALY WOULD BECOME HARDER TO AVOID AND THE PCI WOULD BE RELATIVELY  
MORE POWERFUL IN THE EQUATION THAN IT IS TODAY BECAUSE OF THE  
DE FACTO ELIMINATION OF THE MINOR PARTIES.FINA

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